

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1733-03
Bill No.: HB 899
Subject: Licenses-Professional; Department of Economic Development-Professional
Registration; Business and Commerce
Type: Original
Date: April 9, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Board of Auctioneers	(\$3,043)	(\$18,033)	(\$60,213)
Total Estimated Net Effect on <u>All</u> State Funds	(\$3,043)	(\$18,033)	(\$60,213)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **State Treasurer's Office (ST)**, **Office of the State Courts Administrator (CTS)** and the **Office of Administration - Administrative Hearing Commission (COA-AHC)** indicate there would be no fiscal impact to their agencies from this proposal.

This bill creates the State Board of Auctioneers. Officials with the **Office of the Secretary of State** assume the Division of Professional Registration will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Division of Professional Registration could require as many as 26 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Economic Development (DED) - Division of Professional Registration (DPR)** assume the proposed legislation would result in the potential for 350 licensees, based on estimates of the number of auctioneers in the state.

The projected revenue reflects a \$100 fee for all categories of licensure. The fees have been set by the proposed statute at \$100 every 2 years. In addition, a 3% growth rate has been estimated. All revenues would be deposited into and all expenses would be paid out of the State Board of Auctioneers Fund.

DPR is requesting an additional 1.5 FTE to carry out duties generated by this proposal. The additional employees would include a .5 Principal Assistant (.5 FTE and \$24,120 per year) to service as the senior executive officer of the board and a Licensure Technician II (1.0 FTE at \$24,492 per year) to provide technical support directly to the Principal Assistant and the Board. This position will also be responsible for processing applications for licensure, as well as responding to any inquiries relating to the licensure law or rules and regulations. **Oversight Division** assumes that, based on the number of potential licensees, one FTE (.5 Principal Assistant and .5 Licensure Technician II) would be sufficient to administer the program. Salaries are calculated at \$23,142/yr for the Principal Assistant and \$10,788/yr for the Licensure Technician II.

ASSUMPTION (continued)

DPR notes that 500 square feet of office space are needed for these employees at a cost of \$4,050 annually. **Oversight** assumes the employees will be located in existing offices and has not reflected this cost in the fiscal impact.

It is assumed that all meetings would be held in Jefferson City with all members in attendance. The Principal Assistant, Attorney General representative, and a staff person would also attend. It is assumed meetings would be held at least 4 times per year for 2 days. It is assumed there would be 4 meetings in FY 2002. The proposed legislation does not contain any provisions for board member per diem or reimbursement of necessary expenses.

DPR has based postage and printing costs on the actual FY 00 usage for a board of similar size and type and has estimated costs in FY 03 to be \$2,167 and \$2,000 in subsequent years. Additional costs would be incurred the first year of operation (FY 03) for statute and rule mailings to applicants and for the first year start up printing of rules and regulations. Office and communication expenses and equipment are based on estimated existing costs within the Division and follow OA guidelines.

Bases on FY 99 complaints for an agency of similar size and type, DPR officials assume there would be 12 complaints filed each year, with each complaint requiring 5 hours to complete. It is assumed that complaints and investigations would not start until FY 2004. It is estimated that 30% of the complaints requiring investigation, resulting in 4 investigations. It is also estimated that an average investigation would required approximately 30 hours of field work and would be handled by in-house staff and board members. However, if it would be necessary to contract with outside professional experts, additional funding for expense and equipment would be needed. Travel costs to conduct the investigations are estimated at \$1,020 annually, beginning in FY 04.

It is assumed the Office of the Attorney General (AGO) would provided approximately 60 hours of assistance per year with rules, opinions and meetings, beginning with the organizational process. Based on an hourly cost of \$600.87 the annual total would be \$3,652. It is estimated that 25% of the investigations (1 case) would be forwarded to the AGO for further action. Based on a cost of \$5,400 per case, the annual cost would be \$5,400, beginning in FY 04.

It is assumed a national examination will be utilized for examinations. However, if the board elected to develop its own examination the cost would be estimated to be between \$10,000 to \$50,000. It is also assumed that existing staff would design, program, and implement a computer licensure program.

The Committee will be required by the Division of Professional Registration and the Department of Economic Development to reimburse agencies for their share of administration costs based on

ASSUMPTION (continued)

the percentage of licensees served. The 350 licensees added by this proposal will be .50% of the licensees served by the Division, and will result in total reimbursements from the fund of \$10,644. During the first year of organization and until appropriation is made, organizational duties will be absorbed by existing personnel. **Oversight** assumes this cost will offset expenses paid by other board funds, and will be realized beginning in FY 2002.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
BOARD OF AUCTIONEERS FUND			
<u>Income-Division of Professional Registration (DPR)</u>			
Licensure Fees/Renewals		\$35,000	\$550
<u>Costs - DPR</u>			
Personal Service (1.0 FTE)	\$0	(\$34,948)	(\$35,996)
Fringe Benefits	\$0	(\$11,648)	(\$11,997)
Expense and Equipment	\$0	(\$2,785)	(\$3,718)
Other Costs/Div Admin/DED/AGO Costs	(\$13,687)	(\$14,616)	(\$20,345)
Total <u>Costs</u> - DPR	<u>(\$13,687)</u>	<u>(\$63,997)</u>	<u>(\$72,056)</u>
<u>Savings-DPR</u>			
Other Costs/Div Admin/DED	\$10,644	\$10,964	\$11,293
ESTIMATED NET EFFECT TO BOARD OF AUCTIONEERS FUND	<u>(\$3,043)</u>	<u>(\$18,033)</u>	<u>(\$60,213)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

A fiscal impact to small businesses would be expected as a result of this proposal due to increased record keeping and fees.

DESCRIPTION

This bill creates the State Board of Auctioneers within the Division of Professional Registration. No person may engage in the occupation of auctioneering without being duly licensed with the board.

The bill contains provisions regarding the make-up, powers, and duties of the board; qualifications of applicants; licensing examinations and exemptions; examination and licensing fees; terms of licenses; reciprocity; refusal, suspension, and revocation of licenses; filing complaints with the Administrative Hearing Commission; and displaying and providing proof of licensure.

The bill also creates the State Board of Auctioneers Fund. Money placed in the fund will be used for the expenses incurred by the board.

Auctioneers are prohibited from selling real estate at auctions unless they hold a real estate license.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Secretary of State
Administrative Rules Division
Office of Administration
Administrative Hearing Commission
State Treasurer's Office
Office of State Courts Administrator



Jeanne Jarrett, CPA
Director

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